

Message Text

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13

ACTION ARA-20

INFO OCT-01 ADP-00 CIAE-00 COME-00 EB-11 INR-10 LAB-06

NSAE-00 RSC-01 SIL-01 OMB-01 TRSE-00 DODE-00 PM-07

H-03 L-03 NSC-10 PA-03 PRS-01 SS-15 USIA-15 AGR-20

AID-20 RSR-01 /149 W

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R 312105Z AUG 73

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 5377

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EO 11652: NA

TAGS: ECON CI

SUBJ: ECONOMIC EFFECTS OF STRIKE

REF: A) SANTIAGO 3572; B) SANTIAGO 3637

C) SANTIAGO 3658

1. SUMMARY: TRUCKERS' STRIKE ENTERS 37TH DAY
WITH RUMORS THAT SETTLEMENT MAY BE NEAR.
INDUSTRIAL ACTIVITY CONTINUES DECLINE AS
RAW MATERIALS INVENTORIES DWINDLE. MOST SERIOUS LONG-TERM
EFFECT PROBABLY IN AGRICULTURE. FUEL SITUATION REMAINS
MORE AN INCONVENIENCE THAN AN EMERGENCY. FOOD SUPPLIES
BECOMING TIGHTER AS PRICES SOAR. ALLENDE ESTIMATES TOTAL
COST OF STRIKE SO FAR AT \$100 MILLION. END SUMMARY.

2. TRANSPORTATION: OFFICIAL SOURCES STATE THAT AT
LEAST 20,000 TRUCKS AND 14,000 BUSES OUT OF SERVICE DUE
TO STRIKE. TRUCKERS' UNION SAYS NUMBER OF TRUCKS NOT
WORKING IS MORE THAN 30,000 (OUT OF 40,000 TRUCKS
REGISTERED IN CHILE). GOVT. SOURCES SAID TRUCKING
ACTIVITY WAS 21 PERCENT OF NORMAL ON AUG 19 BUT ADDED THAT
SITUATION WAS IMPROVING WITH TIME. RAIL OPERATIONS
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REPORTED ABOUT NORMAL DESPITE NUMEROUS TERROIST ATTACKS.

CHILE'S NATIONAL AIRLINE, WHICH WAS SHUT DOWN AUG 21 BECAUSE OF PILOTS STRIKE, IS RUNNING NORMALLY NOW. PORT OF VALPARAISO REPORTEDLY OPERATING AT ABOUT 40 PERCENT NORMAL.

3. INDUSTRY: AUG 23 REPORT BY MINECON STATED THAT THREE ESSENTIAL INDUSTRIES (FABRICAS PRIORITARIAS) WERE ALREADY SHUT DOWN AND SIX OTHERS WERE THREATENED DUE TO LACK OF RAW MATERIALS. ALSO IN IMMEDIATE DANGER WERE 25 HEAVY INDUSTRIAL FIRMS AND 15 LIGHT ONES. NEARLY ALL INDUSTRIES ARE DRAWING DOWN SMALL INVENTORIES OF RAW MATERIALS.

4. FINISHED PETROLEUM PRODUCTS: IN SAME REPORTE MINECON STATED DISTRIBUTION OF QUOTE LIQUID PRODUCTS UNQUOTE (PRESUMABLY GASOLINE AND KEROSENE) WAS 73 PERCENT OF NORMAL, LIQUID GAS WAS 98 PERCENT, AND FUEL OIL DISTRIBUTION TO INDUSTRY WAS 100 PERCENT OF NORMAL. NO FIGURE GIVEN FOR DISTRIBUTION OF FUEL OIL TO NON-INDUSTRIAL CONSUMERS BUT SUCH DISTRIBUTION IS KNOWN TO BE SUBSTANTIALLY BELOW NORMAL.

5. COMMERCIAL ACTIVITIES: AN ESTIMATED 90 PERCENT

OF CHILE'S RETAIL STORES WERE CLOSED FROM AUG 28 THROUGH AUG 30 BUT RESUMED ACTIVITIES TODAY IN SANTIAGO. NEWSPAPER REPORTS FROM CHILE'S LARGEST CITIES SAID THAT, WITH FEW EXCEPTIONS, ONLY PHARMACIES AND FOOD STORES WERE OPEN.

6. AGRICULTURE: ONE KNOWLEDGEABLE UN SOURCE SAYS EFFECTS OF STRIKE ON AGRICULTURE HAVE BEEN QUOTE DISASTROUS UNQUOTE. ONLY ABOUT 20 PERCENT OF FERTILIZER AND SEEDS HAVE BEEN DELIVERED TO FARMS FOR SPRING PLANTINGS THIS MONTH. ESTIMATED 100,000 METRIC TONS OF SUGAR BEETS LOST BECAUSE THEY WERE NOT MOVED TO REFINERIES. PRES. ALLENDE SAID IT WOULD COST ADDITIONAL \$60 MILLION IN IMPORT WHEAT WHICH WOULD HAVE BEEN PRODUCED LOCALLY EXCEPT FOR STRIKE. CITRUS FRUIT HARVEST AND MILK PRODUCTION BOTH REPORTED 50 PERCENT BELOW NORMAL. REPORTS FROM MAGALLANES PROVINCE SAY THAT 10,000 SHEEP AND 500 HEAD OF CATTLE LOST FOR LACK OF FORAGE. POULTRY LOSSES LIMITED OFFICIAL USE

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REPORTED AT 350,000 BECAUSE OF LACK OF FEED AND FUEL TO KEEP HENHOUSES WARM.

7. FOOD SUPPLIES: NEARLY ALL FOODSTUFFS IN SHORTER SUPPLY THAN USUAL. PRICES HAVE RISEN SHARPLY DURING STRIKE PERIOD. SEA FOOD SUPPLY REPORTED AT 70 PERCENT OF NORMAL IN SANTIAGO AREA. BEEF, SCARCE IN BEST OF TIMES, HAS VIRTUALLY DISAPPEARED. SCARCITY

OF WHEAT HAS LED TO INFORMAL RATIONING OF BREAD AT
MANY SANTIAGO BAKERIES.
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